When NREL implemented Oracle's Project Accounting, and committed to having all financial systems on server applications rather than mainframe applications, the Basis Accrual System was mothballed. Since NREL has so much of its work residing in subcontracts, the need for a new automatic accrual system became critical.

Several business decisions had to be made. First, it was decided that NREL would not accrue equipment costs. Equipment is almost always received prior to invoicing, therefore, to accrue without the receipt of the item was improper accounting. Second, it was decided that any purchase order or subcontract would not be accrued if the dollar value was below $5,000.

In order to implement the same type of system that NREL has designed, the company must be using Oracle Purchasing, Oracle Payables, Oracle General Ledger, and Oracle Project Accounting, as the data is much more accurate and the user has much more control over the process.

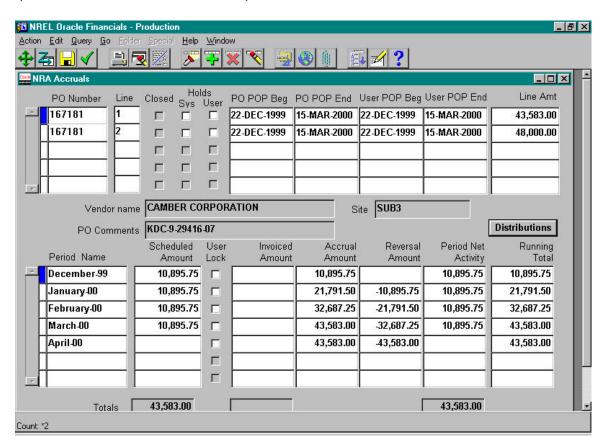The NREL Custom Accrual Module consists of several main elements:

- Collection program
- Generate schedules program
- Calculate accruals program
- Edit accruals form
- Transfer to PA and GL program

The Collect Program reads through all existing purchase orders and looks for new ones that have not been added to the Accrual System, using several criteria.

The Generate Schedules Program either generates or updates the schedules for each PO line, looking at the period of performance (POP).

The Calculate Accruals Program performs several calculations and updates, including calculating or recalculating a straight-line schedule based on POP, updating the invoiced amount column with new invoices, and calculating the current month accrual based on prior months plus new invoices.

The Edit Accruals Form is used by the user to view and correct accrual schedules for each purchase order line. Below is an example of the form:

The Transfer to PA/GL Program transfers the accrual amounts calculated to Oracle General Ledger and Oracle Project Accounting. It also creates the reversing entries for the next months' accruals.

NREL then designed several custom reports for users that will provide the commitment detail each month via the Data Warehouse.

There are several special things the accrual system does in order to make the accruals more accurate. Purchase orders are placed on system hold if the system finds a POP period blank or a POP is changed from the prior period. These situations require user intervention and corrective action to remove the hold, correct the problem, and recalculate the accrual amounts.

The default method of accruals is straightline, however, the user can set up a custom accrual schedule and put a "lock" on those amounts. The system then would not calculate the amount automatically but will ensure that the accruals and invoices match the new accrual amount.

If a PO line is funded by multiple tasks, this flows through to the accrual module and is reflected as such when you click on the "Distributions" button. This button shows the charge number(s) and expenditure type associated with each PO line.

The last feature of the system is that it will compare the cumulative accruals to the cumulative invoices and will default to the total invoiced amount if the accruals are lower. This gets you away from "negative" accruals, which our old system used to do.

The module was written using Oracle Forms 4.5, Oracle Reports 2.5, and SQLPlus.

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